

Kentucky Power Company  
KPSC Case No. 2021-00004  
AG-KIUC's Second Set of Data Requests  
Dated April 19, 2021  
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**DATA REQUEST**

**AG-KIUC 2\_6** Refer to the response to AG-KIUC 1-27. The Company was asked to provide the Mitchell plant-related balances by unit for gross plant, accumulated depreciation, ADIT, fuel inventories, M&S inventories and each other balance sheet account at December 31, 2020 and rolled forward through 2028. The Company provided only the gross plant, accumulated depreciation, fuel inventories, and M&S inventories at December 31, 2020.

a. Provide the tax basis and ADIT balances by temporary difference for each Mitchell unit and the Mitchell plant at December 31, 2020. If the Company asserts that it cannot provide the requested information, then provide the following:

1. Identify and describe the Company's fixed asset software used to track its plant-related costs and balances, including the calculation of book and tax basis differences, book depreciation expense, accelerated tax depreciation deduction, temporary difference between accelerated tax depreciation and straight-line tax depreciation on an actual basis in the current period and on a budget and/or forecast basis for the runout period.

2. Confirm that the Company does not maintain and/or cannot calculate the tax basis and the ADIT due to the temporary differences for accelerated tax depreciation in excess of straight-line depreciation for each Mitchell unit and/or the Mitchell plant in total at December 31, 2020. If confirmed, then explain why the Company does not maintain and/or cannot calculate these amounts at December 31, 2020.

c. Provide a runout of the accelerated tax depreciation, straight-line tax depreciation, book depreciation, and ADIT for each Mitchell unit and the Mitchell plant for each year 2021 through 2040 starting with the tax basis, ADIT balances by temporary difference, and gross plant at December 31, 2020, assuming no future capital additions or retirements.

d. Provide the Company's budgeted/forecast capital additions for

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each Mitchell unit and the Mitchell plant for each year 2021 through 2040 by major project, specifically including separately, but not limited to, the CCR costs and ELG costs, reflected in the economic analyses supporting continued operation of Mitchell through 2040.

e. Provide the Company's budgeted/forecast depreciation expense, accumulated depreciation, accelerated tax depreciation, straight line tax depreciation, and ADIT related to the capital additions provided in response to part (e) of this question for each year 2020 through 2040 by major project, specifically including separately, but not limited to, the CCR costs and ELG costs reflected in the Company's economic analyses supporting continued operation of Mitchell through 2040.

f. Provide the Company's best forecast of the net book value and all other rate base components of the Mitchell plant at the end of 2028 under the CCR only Case 2. Provide all supporting workpapers and calculations, including all electronic spreadsheets in live format with all formulas intact.

g Provide the Company's best forecast of the net book value and all other rate base components of the Mitchell plant at the end of 2028 and 2040 under the CCR/ELG Case 1. Provide all supporting workpapers and calculations, including all electronic spreadsheets in live format with all formulas intact.

**RESPONSE**

This data request was numbered AG\_KIUC 2-3 in the filing made with the Commission and served on Kentucky Power. Subsequent data requests are numbered AG\_KIUC 2-4 through AG\_KIUC 2-8. Because there is an earlier AG\_KIUC 2-3 Kentucky Power is treating this request as AG\_KIUC 2\_6 to avoid confusion in the written record. Subsequent data requests are numbered AG\_KIUC\_2\_7 through AG\_KIUC\_2\_11.

a. The Company uses PowerPlant to account for original cost and book depreciation expense, and PowerTax for the tax depreciation and book/tax differences mentioned in the request. The Company has not performed the requested analysis, but it is in the

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process of doing so and will supplement this response with the requested information when the analysis is complete.

b. There is no subpart b

c., e., f., and g. The Company has not prepared any such forecasts.

d. Please see the Capital Tab of KPCO\_R\_KIUC AG\_1\_2\_Attachment6, provided in response to KIUC\_AG\_1\_2 for the requested information.

**MAY 28, 2021 SUPPLEMENTAL RESPONSE**

a. The net tax basis for the Mitchell Plant at December 31, 2020 is \$443,672,887 (original basis less accumulated tax depreciation) and the ADIT balance is -\$94,428,111. The net tax basis and ADIT is not maintained in the Company's fixed asset software at the level to which this information can be provided for each unit of the Mitchell Plant. The Company does not calculate the temporary differences by plant or by unit 1 and 2 separately.

2. The Company confirms that tax basis and ADIT is not maintained by Unit 1 and Unit 2 in the fixed asset system. To maintain the data beyond the plant level would be too voluminous for the fixed asset system and AEP has no business purpose to do so.

**JUNE 30, 2021 AMENDED RESPONSE**

During the preparation of the Company's reply brief, the Company determined that the supplemental response to AG-KIUC 2-6 inadvertently contained incorrect tax basis information. That incorrect information was relied upon by AG-KIUC's witness Lane Kollen in Supplemental Direct Testimony to prepare an estimate of a \$28.8 million net present value of the tax benefit of a possible 2028 Mitchell abandonment loss. This amount was mentioned on page 7 of AG-KIUC's response brief. The \$443 million tax basis as of December 31, 2020 provided in the Company's May 28, 2021 supplemental response to AG-KIUC 2-6 reflected the accumulated tax depreciation as of that date. The tax basis amount was \$158,391,690, and the Accumulated Deferred Income Tax (ADIT) balance was \$92,957,961. Supporting workpapers for these amounts are provided as KPCO\_AR\_KIUC\_AG\_2\_6\_Attachment1 to this response.

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Had Mr. Kollen been provided the correct information, based on his calculation, which he provided with his Supplemental Direct testimony. The \$28.8 million net present value benefit amount based on his straight line method of projecting the tax basis from December, 2020 forward to December, 2028 would have been \$8.5 million.

Witness: David A. Hodgson